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## STATEHOUSE E-REPORT

116<sup>th</sup> Indiana General Assembly, Session One, Number 3

### 2009-2010 INDIANA STATE BUDGET, ECONOMIC INCENTIVES, and JOBS

**A state budget is the one matter that must be addressed in a long session of the Indiana General Assembly.** Last week, members of the Indiana House approved a budget plan that reflects the reality of the uncertain financial times we live in.

This year, we must set priorities for funding state programs and services at a time when more than 266,000 Hoosiers are looking for work, and while we're waiting to understand the full impact of the national economic stimulus package on Indiana.

That's why, **the House chose to take a different approach in budgeting** this year. Rather than combining everything into a single bill covering two years, we have broken the budget into **three separate bills covering only the first year of the next biennium, which runs from July 1, 2009 to June 30, 2010.**

This approach gives us time to see if the economy begins a recovery, which could mean increased state revenues. If things do not improve, however, the budget covering the second year of the biennium (July 1, 2010 to June 30, 2011) will have to reflect that reality. We are hoping that the national stimulus package generates improvement in the Hoosier economy, but **even with the stimulus in place, I believe passing a one-year budget is prudent at this time.**

Because the state took on the full cost of funding operating budgets for local schools, the **first part of this budget is an education plan (House Bill 1723)** that provides a 2 percent increase in state funding for public schools and contains a "hold harmless" provision to ensure no school corporation receives less than current funding levels.

The **second part (House Bill 1728)** provides more than \$650 million for child protection services in **Indiana.** This will be the first time the child services budget finances programs like child support, abuse prevention, foster care and adoption through state and federal dollars, rather than local property taxes. Again, **a one-year budget makes sense as we monitor the transition from local to state funding.**

The **final piece (House Bill 1001)** covers funding for all remaining state agencies and programs, **including higher education.** It stays balanced and does not increase taxes, although it does use some of the state's budget reserves. Considering the state of our economy, I believe we have reached that fiscal "rainy day" when it is necessary to start drawing from those reserves.

In many respects, **House Bill 1001 mirrors many of the recommendations offered by the governor.** It asks state agencies to tighten their belts and make do with less funding. However, **we do separate from the governor by increasing state support for our colleges and universities and providing more funding for worker retraining programs.** In both cases, we want to take every opportunity to enable Hoosiers to gain the skills they need to find jobs.

As always, major initiatives like the three one-year budget bills are works in progress. **Starting this month, state senators have the chance to look at the budget bills and set their priorities.** Once they make their changes, it will go to a conference committee where the final bills will take shape.

In addition to the budget bills, one measure that passed this week will require companies that receive huge financial incentives from the state to repay some of those taxpayer-funded benefits if they fail to live up to their end of the deal by creating jobs.

**House Bill 1338 would require the Indiana Economic Development Corporation (IEDC) to include incentive paybacks in any loan or grant package offered to a company interested in coming to our state.** Any company applying for an incentive must agree to a contract that provides clearly defined employment goals. **This measure provides a stronger degree of accountability in our economic development programs.**

While both sides have worked together in the House to pass a jobs package for Hoosiers, I am disappointed that partisan politics are jeopardizing efforts to protect workers who have lost their jobs and need our support to provide for their families temporarily while they search for work.

**A plan to replenish unemployment compensation funds (House Bill 1721) was pulled after Republican members of the House made it clear they would not support a plan that strives to maintain current benefit levels for out-of-work Hoosiers.** With an unemployment trust fund that is bankrupt, we must do something in a bipartisan manner now. Perhaps it is time for the governor to weigh in and help negotiate a compromise to this stalemate.

If you need to reach me during session, you can call the toll-free State House telephone number of 1-800-382-9842 or write to me in care of the Indiana House of Representatives, Room 403 State House, 200 West Washington Street, Indianapolis, IN 46204-2786, or submit your comments on my website at <http://www.in.gov/H75> .

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